DOCUMENT RESUME

ED 035 381 HE 001 339

TITLE	Higher Education and Financial Control by State Governments in Southern Association States.
INSTITUTION	Southern Association of Colleges and Schools, Atlanta, Ga.
PUB DATE	Mar 68
NOTE	17p.
AVAILABLE FROM	SACS, 795 Peachtree St., N. E., Atlanta, Georgia 30308
EDRS PRICE	EDRS Price MF-$0.25 HC-$0.95
DESCRIPTORS	*Budgeting, *Financial Policy, Financial Problems, *Higher Education, School Funds, *State Aid, State Colleges, *State Government, State Universities

ABSTRACT

During recent years, the Commission on Colleges of the Southern Association of Colleges and Schools (SACS) have had problems applying and enforcing a law (Illustration 7) affirming that state funds be left entirely to the jurisdiction of the institutional governing board after they have been appropriated. After alleged violations by state financial officers, SACS appointed a special committee to evaluate the validy, application and effectiveness of Illustration 7 and examine other aspects of the relationship between state budget agencies and institutions of higher education. A list of questions was developed and extensive interviews were held with public and educational officials in the 11 Southern Association states. This report summarizes observations and problems, identifies actual or potential problem areas, and presents recommendations for the improvement of state-institutional relations. It was found that states' financial policies vary considerably; 5 states apply extensive control while others are more lenient. Personnel management and control is probably the most sensitive area of administration involving state-institutional relations. Recommendations concern new budgetary approaches, revision of Illustration 7, and improved communications among SACS, the state budgetary agencies, and the state institutions. (DS)

ED035381

HIGHER EDUCATION and FINANCIAL CONTROL by STATE GOVERNMENTS

in Southern Association States

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

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HE001 339

Southern Association of Colleges and Schools
795 Peachtree St N.E.
Atlanta, Ga. 30308

March 1968

ED035381

During recent years officials of the Commission on Colleges of the Southern Association of Colleges and Schools have encountered problems involving the application and enforcement of Illustration Seven (The Relation of an Institution to External Budgetary Control) of Standard Four of the Association's Standards for Colleges. Illustration Seven provides that "no educational institution is properly administered nor can it conduct a sound educational program when any agency or officer other than the controlling board, the president, and business officer exercises financial control" and that "once funds have been appropriated for the operation of an institution, budget making and control of expenditures should be entirely within the institution under the jurisdiction of the governing board."

State financial officers in some states allegedly have violated this illustration by attempting to exercise or actually exercising control in the preparation and execution of operating budgets for public institutions of higher learning. These allegations generated questions about the interpretation and application of Illustration Seven, both as to its letter and spirit.

A Special Committee of the Association, Dr. Edward Boling, Vice President for Development, University of Tennessee, and Dr. J. Jefferson Bennett, Administrative Vice President, University of Alabama, was appointed to evaluate the validity, application, and effectiveness of Illustration Seven. The Committee undertook to survey in the Southern Association states the attitudes of state finance officials and college and university officials toward this standard and the degree to which it is accepted and followed in these states. To assist with this task, the Committee employed as staff Robert Cornett, former Budget Director for the Commonwealth of Kentucky and Joe Johnson, Executive Assistant to the President of the University of Tennessee and past Deputy Commissioner of Finance for the State of Tennessee. The Committee concluded that this study would not be limited solely to an evaluation of Illustration Seven as now written, but that it would concern all relevant relations between state budget officials and the institutions of higher education, and how relations might be improved. In addition, the study would include a consideration of whether Illustration Seven

should be revised and made more meaningful and practical.

It was agreed that this study would not be a review of laws, rules, and regulations on fiscal and budgetary administration. Instead, the study consisted of personal interviews of state and higher education officials to determine attitudes and practices in the budgetary process, especially in the expenditure of funds following legislative appropriations. Efforts were made to be objective, but inevitably certain observations and conclusions reflect the subjective judgments and evaluations of the staff. The study specifically was not designed to obtain information for use in the enforcement of Illustration Seven, hence it could be designed to obtain confidential evaluations of budgetary attitudes as well as practices.

In preparing for this study a list of questions was developed (see appendix) to guide the personal interviews. Questions cover the entire budget process from appropriation requests to expenditure programs.

The staff visited the state of Georgia jointly to insure a common approach to interviews in the other ten states which were divided between them. In each state personal interviews were conducted with the chief state budget officer and/or his staff, administrators of at least two public educational institutions, and officials of higher education coordinating and/or governing boards. Working reports on each of these visits were submitted to the committee. While those reports are as complete and accurate as they could be made in the time available, they have not been checked with the persons interviewed. Hence, the reports have been treated as working documents for the Special Committee and filed in the office of the Secretary of the Commission on Colleges.

The purpose of this report is to summarize impressions, observations, and problems based upon the personal interviews, to identify actual or potential problem areas, and to present recommendations for action in improving relations between colleges and universities and state financial agencies.

The Southern Association States are Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia.

Perspective for the Study

The primary focus of this report is upon relations between institutions of higher learning and state financial agencies after the state funds have been appropriated for higher education. This focus was chosen for three reasons: (1) Illustration Seven deals specifically with post-appropriation actions by external financial officials; (2) the particular Southern Association problems which prompted the study relate to the use of funds after appropriation; (3) field work demonstrated early that the post-appropriation phase of the budget process is the one which demands most attention and improvement.

In planning and conducting this study the Committee recognized that the budget system is a continual process, consisting of the preparation of budget requests, executive and legislative review of requests, executive budget recommendations, legislative appropriations, and budget execution. Because the process is continual and is an integral part of the political and financial organization of a state, it was deemed improper and shortsighted to omit at least a brief consideration of the relationship between state executive and legislative agencies and the colleges and universities in the appropriations process. It is here that basic higher education policy decisions are made.

GENERAL CONCEPTS: In this study three general concepts guided the evaluations and are reflected in the judgments, conclusions, and recommendations:

1. Major policies on public higher education are not the exclusive province of any one profession or agency but are the mutual concern of higher education officials, state executive officers, and legislators. Governors and legislators rightfully play significant roles in the establishment of public policy, and the legislature enacts basic policy into law. Major policy decisions include the allocation of a portion of state revenues to higher education, organization or the governance and coordination of higher educational institutions and systems, and definition of roles for institutions of higher learning. To be sound, these decisions should be based on a thorough understanding of the needs of higher education, the standards of quality education, and the organizational arrangements necessary to carry out an effective program of higher education. The appropriation and budgetary process encourages a logical meshing of these several interests.

2. Effective higher education absolutely requires a maximum of freedom for the exploration of ideas and concepts. This makes wholesome relationships between higher education and state government even more necessary than may be true with other functional areas of state service and makes direct political involvement in the control of institutional personnel and operations intolerable. The uniqueness of higher education should be recognized in organizational patterns and relationships with other agencies of the state.

3. Public higher education should be efficiently and effectively administered.

The education of young people and the stimulation of creative behavior do not negate the obligation to use public funds wisely and efficiently. The steadily and rapidly increasing amount of state funds devoted to public higher education has raised a new level of state concern in this regard. Educational administrators must recognize and appreciate this fact.

BUDGET POLICY DECISIONS: Governors, legislators, and state budget officials are legitimately and intimately involved in the appropriations phase of the budget system. In this phase these officials are entitled to study the needs and goals of higher education in relation to other state services, and, in light of the state's revenue potential, to decide how much money should be allocated for higher education. Ideally, these decisions are made after extensive and effective exchange of ideas and information between state officials and higher educators. Hence, when an appropriation level is set, the governor and the legislators will know what it will enable colleges and universities to do in the continuation and enrichment of their programs and, generally, what it prohibits them from doing. However, higher education officials and their governing boards should have responsibility for and freedom to take the appropriated funds and to use them for developing the best possible educational programs within general policies fixed by the state.

In this study it was found generally that state executive and legislative officials had available and used a considerable amount of relevant information in setting appropriations for higher education. In a few states, however, appropriations seem to be made with little apparent understanding of higher education programs and their importance as related to other state services, a problem which may be the result of inadequate executive and legislative budget staff and/or their inabilities to participate meaningfully in the presentation and analysis of pertinent data. Another major problem is the failure in these few states to establish effective communications between state officials and institutions of higher learning. While little would be gained by ranking states in an order of the sophistication of central agency understanding of higher education, it is significant to note that a correlation exists between good understanding and well-financed institutions.

In virtually all states, after appropriations are agreed upon the dollar amounts are placed into an appropriation bill with few restrictions and generally on a lump-sum basis. An exception is the State of Texas in which a considerable number of riders and line-item limitations appear in the appropriations bill. For example, one rider states that appropriated funds for one institution may not be spent for a specific academic program. Several riders appropriate funds for particular new programs at certain institutions. Higher education officials sometime seek specific legislative appropriations for particular programs and do not seem to object to the procedure. The primary point is that budgetary controls may be built into the appropriations process as

well as the budget execution process. Both points of control can prove equally harmful to a viable and progressive academic program.

COORDINATING AGENCIES: Apparently little attention has been given to the role of agencies established to coordinate (as distinct from the governance of central governing boards) certain aspects of institutions of higher learning. Such agencies exist in several states and, although their powers vary substantially, all have at least some influence in higher education decisions. The role of these boards, while outside the scope of this study, is a subject which the Southern Association should consider.

POLITICAL INVOLVEMENT: Budgetary and related procedures in some of the states, as well as the organizational arrangements and personnel appointment methods, make possible political involvement in higher education. The practice of central review of individual salaries is an example of a procedure which could be abused politically. Active administration of higher education by officials appointed directly by a governor creates a potential for problems.

Careful attention should continue to be given to the organization and procedures affecting higher education to insure maximum autonomy and freedom from political activity. Higher education institutions should be governed by boards consisting predominantly of outstanding lay members with relatively long, staggered terms to insure greater freedom from political intervention in internal institutional affairs.

Post-Appropriation Control by State Officials

Just as a sound appropriation process is dependent upon an effective coordination of the expert knowledge of the educator and the public policy obligations of state executive and legislative officials, efficient academic administration requires equivalent coordination of the state government and higher education administrative systems. This section of the study report examines key features of this meshing process preparatory to its evaluation.

PERSONNEL MANAGEMENT: Personnel management is probably the most sensitive area of administration involving state government and higher education. Particularly sensitive are academic personnel matters because the faculty is at the heart of the educational process.

Academic Personnel Management: In several states decisions concerning academic positions and salaries are made entirely by individual institutions with no outside involvement except for the constraints imposed by funds available. This is the situation in Kentucky, Mississippi, Alabama, and Texas and is substantively, although not procedurally, the case in Tennessee. In the first four of these states no central agency systematically receives and reviews information concerning individual positions and salaries. In Tennessee the Department of Finance and Administration receives detailed operating budgets listing individual salaries and positions. The Department, however, does little more than file the operating budget documents.

At the other extreme are three states that centrally review a position-by-position academic salary budget and which, upon approval of the budget, review for approval throughout the fiscal year proposed changes in specific salaries and addition of positions. In Florida, where this review nearly always results in approval of institutional proposals, the review is done by the Budget Office and, in the case of salaries above $15,000, by the Budget Commission. In Georgia, where also the review nearly always results in approval, the reviewing agency is the Board of Regents with no review by the state financial officials. In South Carolina, where the reviewing agency is the Auditor and his governing board (Budget and Control Board), the review sometimes produces changes in institutional proposals.

Virginia, North Carolina, and Louisiana fit into neither of the preceding patterns. In Virginia, the central personnel agency and the governor, following a review of institutional proposals, approve a general salary plan for each institution, and the institutions are free to establish individual salaries within that plan. Academic positions not in the budget require individual approval by the central personnel and budget agencies and such approval is usually granted. In North Carolina the budget agency accepts institutional recommendations on individual salaries, but reviews and occasionally rejects proposals to add unbudgeted or new positions.

Louisiana's approach is perhaps the

unique one. There is no central review of detailed salary budgets; but a detailed budget, once adopted by the institution and approved by the Division of Administration and Legislative Budget Committee, can be changed only with position-by-position approval of the central budget officials. Approval is not always granted.

Non-Academic Personnel Management: Most states have a central personnel system to establish classification and pay plans for state employees. Although academic employees of higher education institutions are invariably exempt from these systems, non-academic and non-professional employees are subject to the systems in three states (North Carolina, Louisiana, and Virginia). In these states non-academic employees are treated as state employees, and their salaries are established through central position review processes. In addition, promotions and position reclassifications are handled by the state personnel agency.

Florida is something of a special case in that it has no central personnel agency and depends instead upon the budget system and the budget agency to maintain a degree of salary equity among state agencies. Non-academic positions, particularly administrative positions which are subject to ready comparison with similar positions in state agencies, are reviewed through the budget system in an effort to achieve equity throughout the state agencies and higher education. This review is not the systematic process associated with a central personnel operation, but is, rather, a use of the budget system as a substitute for a central personnel management agency. Higher education officials in Florida complain vigorously about the central review of non-academic salary levels. A part of this complaint probably stems from the fact that non-academic salaries are being evaluated without the benefit of a well-developed personnel system which recognizes the unique character of higher education. Top-level non-academic professional personnel salaries should relate to those of the faculty and to similar positions in other colleges and universities, not to positions in other state agencies.

FLEXIBILITY IN THE OPERATING BUDGET SYSTEM: The states vary considerably in the degree of flexibility permitted in the use of appropriated funds. Most states appropriate in broad categories, yet one state (Texas) specifies considerable detail in the appropriations laws. Some states exercise no administrative controls at all, except to carry out the restrictions in the appropriations laws. Some states have rather elaborate budget control systems which apply to higher education in the same manner as to other state agencies. Still other states, while having budget control systems, do not apply them strictly to higher education. In several states the system which apparently is used is in fact modified at least to some degree by the assumption that non-appropriated funds are not part of the system. In Virginia, for example, several of the larger schools have substantial sums which are managed totally outside the basic state budget system. These funds can

be, and apparently are, used in such a manner that the basic control system is a neutral factor.

Appropriations: Appropriations range from the situation in Georgia where there is one lump-sum appropriation for the entire higher education system to the Texas procedure under which appropriations are made for each major function in the institution and further limited by language in the appropriation act which specifies, sometimes in detail, for what purpose the appropriation may or may not be used. Appropriations to most institutions are quite broad and little or no limiting language is used in the laws.

Allotment and Related Controls: All states use some system for distributing appropriations at certain times during each fiscal year and for related budget execution functions. In the case of non-educational state agencies these allotments are usually in considerably more detail than appropriations, and the allotment system is used to assure continual up-dating of the operating budget throughout the year. In the case of higher education, however, most states use the allotment system merely as a mechanical device to authorize the expenditure of appropriations. Only three states (Florida, Louisiana, and North Carolina) subdivide appropriations and otherwise involve central agencies in the process of continually revising higher education operating budgets. This often interferes with and always delays academic decisions.

In Florida, Louisiana, and North Carolina, higher education appropriations are allotted by several categories, and permission must be obtained from the budget agency to make transfers from one category to another. In Florida, although proposed transfers are nearly always approved, considerable paper-work is involved and complaints result. In Louisiana and North Carolina budget policies are in effect which result in the denial of some types of proposed transfers. In all three of these states, the continual budget revision processes involve the central agency in decisions concerning the use of unanticipated fee income, the disposition of salary monies not used because of vacant positions, and other interim decisions. These issues, as well as the transfer of funds, are points of controversy in all three states and greatly reduce the flexibility of academic administration.

Almost certainly, the real point at issue is the continuous, frustrating confrontation between budget agencies and institutions of higher education.

Capital Budget Decisions: In every state building projects are initiated by an institution and reviewed and authorized by some central agency. Except for agreement on these broad procedures, the states are so different in their capital expenditure processes as to defy classification. The purpose of this report will be adequately served, however, by classifying the states according to the detail in which building decisions are made.

In the case of certain schools in Texas, constitutionally ear-marked revenues are

available for construction and these revenues may be used for any buildings the institutions choose to construct. At the other extreme, three states—Virginia, Mississippi, and North Carolina—specify in legislation the buildings which an institution may build. The general pattern, however, is between these extremes. Most states authorize the use of a specific number of dollars or the issuance of bonds under a specified policy for construction at an institution. The institution is then permitted to select particular projects within the total dollars.

In no states are building decisions a point of serious controversy. In those states in which the legislature specifies the projects to be built, the legislature usually reflects priorities recommended by the institutions. Conversely, in most of the states which authorize dollars instead of projects, the dollars are based upon a schedule of projects, regardless of the mechanics of authorization. Thus, the higher education institutions, in fact, make building decisions.

Divisive issues conceivably could arise in the selection of architects, design of buildings, and supervision of construction. No such issues were reported, however, even though responsibility for these functions is usually shared by a central state agency and the higher education institutions.

TRAVEL: Travel by institutional staff members is reviewed by the central finance agency in North Carolina. In all other states, travel decisions are made within the higher education systems.

PURCHASING: Approximately half the states have central purchasing systems which apply to higher education. These systems, while not universally praised, create no substantive issues involving state higher education relationships. Generally, institutions decide what will be purchased; complaints arise from paper work and time schedules.

TUITION: Tuition rates are established by the legislatures in two states (Florida and Texas). In the other states, rates are set either by the higher education institutions or coordinating boards. No issues relevant to this report are created by tuition procedures.

ACCOUNTING, DISBURSING, AND AUDITING: States and their higher education institutions have working relationships in the areas of accounting, disbursing, and auditing funds. These subjects were reviewed, but no issues of substance were discovered. In states with central accounting systems the central agency does not make educational decisions. Payments are made upon authorization by the colleges and universities so long as basic legal and fiscal requirements are met.

SUMMARY: In summary, practices followed by the Southern states in the administration of higher education funds are characterized more by their diversity than by common features. All states use some

procedural devices which relate to higher education budgets. These are rudimentary in some states and in some others, where comparatively detailed systems exist, they are not applied to colleges and universities: Mississippi is an example of the former and Tennessee of the latter. In one state, Georgia, extensive review machinery is used, but this is done by the Board of Regents rather than by the state budget office.

In Florida, South Carolina, North Carolina, Louisiana, and Virginia state agencies have available and apply extensive budgetary control procedures. These procedures in Virginia and South Carolina relate only to personnel controls, while in Florida, Louisiana, and North Carolina they include not only personnel controls but also other machinery designed to involve central budget agencies continuously in the updating and revising of higher education budgets.

Conclusions and Recommendations

The potential for external involvement in higher education budget matters during the execution or administrative phase of the budget system exists in every state, but the degree of control ranges from virtually none in a majority of the states to a considerable amount in a few states, specifically Florida, Louisiana, and North Carolina.

While Illustration Seven of Standard Four makes no reference to it, the legislature, through detailed and specific appropriation laws, can be just as dangerous and harmful to the academic process as budget officers. A revision in this Illustration should recognize this danger.

The degree of external involvement or control is not related directly to organizational patterns or legal provisions for budgeting and higher education. For example, laws in Tennessee and Kentucky authorize considerable review and scrutiny of higher education by budget officers, but colleges and universities have experienced wide latitude in setting salary levels, establishing personnel positions, and allocating appropriated funds. In contrast state budget staff members in Louisiana rely on budgetary laws and policies to exercise considerable procedural control over institutional operating budgets. The personal attitudes of state executive and legislative officials toward higher education and its leaders are a primary factor affecting the freedom given colleges and universities in preparing and executing operating budgets.

Improve Communications: A common characteristic of the three states with a considerable amount of budgetary control is the continual, regular confrontation of budget officers and higher educators and a steady flow of paper work throughout the year as budget revisions and salary adjustments are submitted for approval by state agencies. As a result, relatively insignificant matters consume an almost overwhelming amount of time. In other states close contact is generally limited to annual or biennial budget negotiations. On the one hand state agencies are regularly concerned with operations of the institutions, while on the other hand these agencies have relatively little systematic contact with higher education personnel. A solution to the problems of relationships between higher education and state agencies almost certainly would be an improved system of communications.

The Southern Association of Colleges and Schools should discourage the existence or the exercise of external budgetary controls which interfere with the operation and management of colleges and universities. The reams of paper and level of friction associated with the review of individual positions, the transfer of funds among major budget categories, the classification and pay plans for academic and related positions, and similar processes of traditional budget control systems seriously reduce effective communications between state government and higher education and should be eliminated. At the same time the Association should encourage a positive relationship between state and higher education officials throughout the entire budgetary process, recognizing that each

has an appropriate area of financial responsibility to the taxpayer.

Stimulate New Approach: It is recommended that the Southern Association stimulate a new approach to budgeting for higher education which would replace those approaches which are characterized either by a multiplicity of controls or by no meaningful contacts between higher education and state government except during the hectic weeks immediately preceding or during legislative sessions. The approach should consist primarily of a communications system permitting a flow of information about the goals, objectives, plans, needs, and problems of higher education to state executive and legislative officials. This system would promote an understanding of higher education by budget staff members, governors, and legislators. This would be extremely beneficial in the development of higher education appropriations and should facilitate the implementation of sound higher education programs. The system should not be control oriented or based on mutual suspicion of motives and competence, but should be directed toward the creation of respect and understanding between educators and state officials. Conflict, friction, confrontation over specific aspects of higher education budgets, and the ineffective exchange of information would be replaced by an exploration of ways to meet best the public expectations for higher education. The development of such a budget system would require active participation by higher educators and state budget officials.

Revise Illustration Seven: Attainment of the preceding objective obviously requires revision of Illustration Seven which, as now written, does not acknowledge that some financial controls are basic in the expenditure of state funds to insure fiscal integrity, accountability, and general adherence to established state policy and legislative intent for higher education. In rewriting the standard an effort should be made to distinguish acceptable and unacceptable external budgetary controls. State budget officers are not familiar with the present standard, and higher education officials are not well-acquainted with it. Florida and Louisiana provide exceptions to this statement.

It is recommended that the Southern Association of Colleges and Schools undertake a program to acquaint state budget officials with the concept of accreditation and the role and function of the Association, especially in relationships between state government and public colleges and universities. This objective could by accomplished by joint meetings of state budget officers and higher educators and visits to state budget agencies by Association representatives. These meetings could serve also to stimulate fruitful dialogues between higher education officials and state budget officers. They should create positive relations based on a new level of appreciation for each other's responsibilities which could lead to a reduction of friction and the elimination of rigid unacceptable controls.

It is also apparent that the wording of the

present Illustration Seven is impracticable and unenforceable. Its spirit should be retained and reinforced. It is therefore recommended that consideration be given to replacing Illustration Seven with the following:

7. The Relation of an Institution to External Financial and Administrative Control. An educational institution can neither conduct a sound educational program if its operational procedures are set by legislative act, nor can it be properly administered if an agency outside the institution exercises undue and restrictive financial control. Once funds have been appropriated for an institution (either for building construction or operations) budget making, establishing priorities, and control of expenditures should be entirely within the institution under the jurisdiction of the governing board subject to general policy provisions enacted by the legislature and to the commitments represented through budgetary requests by the institution. State financial and administrative officials adversely affect the educational and academic process when they exercise specific and detailed control over matters which can and should be handled within the institution. Recognition by educational representatives of the responsibility of state officials for the post audit function and the general enforcement of reasonable budgetary law is imperative; however, the educational function of an institution must not be controlled through the use of budgetary techniques or controls by financial officials outside the institution.

Appendix

Tentative Questions for Southern Association Survey

1. The quality of the educational program at an institution of higher learning is partially determined by the adequacy of its financial support. Hence, does the state budget office take into account the purpose of an institution, the scope of its program, and number of students in allocating funds among the several institutions? Does an objective instrument or formula exist to measure differences?

2. The academic integrity of an institution is affected by the availability of an adequate level of financial support. Are the state budget officers and state legislators committed to recommending and making appropriations which will permit the per capita expenditures required by the Southern Association?

3. If the state budget agency has a formula for determining state higher education appropriations, how was the formula developed and who participated in the process?

4. What should be the relative role of the state budget office and the institution in determining the format to be followed in the presentation of budget requests? Is there a procedure by which the institution can present its request directly to the legislature along with its submission to the executive budget office? What procedure is established for the justification of budgetary requests to the budget office and the legislature?

5. Is the institution's budget request presented in the form of line items, functions, or programs? In turn, is the institutional appropriation made on a lump sum or line item basis?

6. What criteria are used by the state budget agency, executive or legislative, in making adjustments in the budget request of an institution--evaluation of program, evaluation of expenditures, estimate of state revenues, or other? Does the budget agency make financial or educational decisions?

7. Is the state budget agency's philosophy for budget preparation and execution the same for all state functions, including higher education?

8. Colleges and universities generally establish accounting systems which follow the principles in Volume I of *College and University Business Administration.* This approach is followed to insure adequacy of accounts and uniformity of accounting data and reports. What is the relationship between state requirements for college and university accounting systems and the systems recommended in Volume I?

9. Are the standard accounting reports of the institution accepted by the state budget office or does it require supplementary reports in a different format? If supplementary reports are required, what purposes do they serve?

10. Is the external audit of institutions of higher learning performed by certified public accountants employed by the institution, by a state audit agency, or both?

11. Following the passage of appropriations bills, are colleges and universities required to submit to the state budget agency annual work programs which describe how all educational and general income will be spent? If so, what action is taken on the work programs? Does the institution have to justify its program and make adjustments? Is the work program a report or a document for review and approval?

12. To what extent are institutional staffing patterns evaluated and adjusted by the state budget agency or legislature? Are evaluations and adjustments based upon administrative regulations, executive orders, state law, or the constitution?

13. Are faculty and administrative salary ranges and individual salaries set by the institution or does the state budget or personnel agency review or fix ranges, maximum salary levels, or individual salaries? Is the review or fixing of salaries established by the state budget agency by administrative regulation, executive order, state law, or the constitution?

14. A major part of the expenditures of an institution is for the purchase of equipment and supplies. Is the institution directly responsible for purchasing or is institutional purchasing handled by the state purchasing agency? If the latter is the case, what type of review is made of institutional purchase orders? Are educational decisions made? Is state level review and approval given by administrative regulation, executive order, or state law?

15. Does the institution have to obtain non-institutional approval for any type of expenditure—travel, consulting contracts, purchase orders for equipment, construction contracts, etc.? If so, what is the basis for approving or disapproving a requested expenditure?

16. Are institutional expenditures subject to a preaudit by a state agency to determine the availability of funds and the legality and reasonableness of the proposed expenditures?

17. Does the state personnel agency establish fringe benefit policies for the institution's academic and non-academic personnel?

18. What control is exercised by the state personnel agency over non-academic staffing patterns and salary schedules?

19. Are any limitations placed on the institution's use of quarterly or annual budgetary reserve or surplus? What is the legal basis for such limitation?

20. Are institutions of higher learning subject to a quarter or semi-annual allotment system? If so, on what basis are allotments made? Does the state budget agency have an impoundment procedure? If so, how is it applied to institutions of higher learning?

21. In the allocation of state funds to institutions of higher learning, does the state budget agency or legislature determine the level of fees and tuition and the development of new programs at an institution? Is it permissible for an institution to raise or lower its fees or tuition and establish new programs without review or approval by a state agency?

22. To what extent are institutional funds (tuition, fees, grants, and gifts) subject to appropriation and control by the state budget agency?

23. What is the role of the state budget agency or other state agencies and officials in the execution of the institution's capital outlay program in the selection of architects, determination of buildings to be constructed, design of structures, and quality of facilities?

24. If line item appropriations or line item budgetary allocations are made, does an institution have the authority to transfer funds from one line item to another?